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CIA/OER/S-06305-74

3 July 1974

MEMORANDUM FOR:

STAT

SUBJECT

: Trends in Exchange Rates and Prices

1. The attached paragraph and tables are in response to your request of 2 July 1974 for data on trends in exchange rates and foreign prices for inclusion in your report.

2. The exchange rate indexes are presented in Table 1. No index is presented for the United States as data are in units of foreign currency per US dollar. The rates used in calculating the index are the market closing quotations from each country on the first day of the month.

3. The consumer price indexes are presented in Table 2. The consumer price index is a frequently used measure of inflation, particularly when assessing the impact of rising prices on earnings. Consumer price indexes for the US, Japan, West Germany, France, and the UK are available only through May 1974. The indexes presented are calculated from official country data, reindexed to a January 1973 base.

4. [redacted] will be happy to answer any additional questions you might have on this question.

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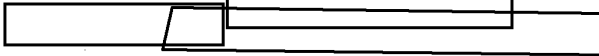
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Attachments:
As stated

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TABLE 1

Exchange Rate Index

Foreign Currency Units Per Dollar (January 1973=100)

	<u>January 73</u>	<u>July 73</u> ¹	<u>January 74</u>	<u>July 74</u>
Japan	100	88	93	95
West Germany	100	75	86	80
France	100	80	93	94
United Kingdom	100	91	102	98

¹An 11.1% devaluation of the dollar vis-a-vis the West German, French, and British currencies occurred on 12 February 1973. The Japanese currency was floated at that time.

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TABLE 2

Consumer Price Index

(January 1973=100)

	<u>January 73</u>	<u>July 73</u>	<u>January 74</u>	<u>May 74</u>
United States	100	103.9	109.4	114.0
Japan	100	108.2	109.0	132.0
West Germany	100	103.6	106.7	110.0
France	100	104.1	110.3	116.3
United Kingdom	100	104.9	112.0	120.5

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